

**COMMUNITY OPPORTUNITIES, INC.
D/B/A NEW OPPORTUNITIES, INC.**

**INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED SEPTEMBER 30, 2014

NEW OPPORTUNITIES, INC.

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NEW OPPORTUNITIES, INC.

BOARD OF DIRECTORS

Executive Board of Directors

Eugene Meiners	President
Rick Hecht	Vice President
Joyce Morris	Secretary
Jon Hays	Treasurer

Board Members

<u>Representing</u>			
<u>County</u>	<u>Government</u>	<u>Low-Income</u>	<u>Private</u>
Audubon	Gary VanAernam	Pastor Jud Stover	Jon Hays
Calhoun	Gary Nicholson	Owen Englin	Vacancy
Carroll	Eugene Meiners	Maria Bretey	Vacancy
Dallas	Mark Hanson	Pastor Enna Antunez	Chuck Yanders
Greene	Tom Contner	Joyce Morris	Teresa Mobley
Guthrie	Tom Rutledge	Vacancy	Teresa Mowrer
Sac	Rick Hecht	Kathy Brenny	Vacancy

Agency Officials

Chad Jensen	Chief Executive Officer
Sheri Mertz	Chief Financial Officer

Gronewold, Bell, Kyhnn & Co. P.C.

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KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Opportunities, Inc.
Carroll, Iowa

Report on the Financial Statements

We have audited the accompanying statement of financial position of New Opportunities, Inc. as of September 30, 2014 and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Board of Directors
New Opportunities, Inc.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Opportunities, Inc. as of September 30, 2014, and the changes in its net assets and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended September 30, 2013 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included on page 1 and on Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with Government Auditing Standards, we have also issued our report dated February 2, 2015 on our consideration of New Opportunities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering New Opportunities, Inc.'s internal control over financial reporting and compliance.

Stromwell, Bell, Thayer & Co. P.C.

Atlantic, Iowa
February 2, 2015

NEW OPPORTUNITIES, INC.
Statement of Financial Position
All Funds
September 30, 2014

ASSETS	Administrative Fund	Program Funds	Plant Fund	Total
Cash	\$ 190,097	\$ 560,592	\$ --	\$ 750,689
Investments	21,618	--	--	21,618
Receivables:				
Grantor agencies	--	683,603	--	683,603
Other sources	77	108,637	--	108,714
Prepaid expenses	3,611	--	--	3,611
Inventory	16,064	--	--	16,064
Deferred financing costs	35,924	--	--	35,924
Property and equipment at cost, less accumulated depreciation of \$674,218	--	--	1,984,071	1,984,071
Total Assets	<u>\$ 267,391</u>	<u>\$ 1,352,832</u>	<u>\$ 1,984,071</u>	<u>\$ 3,604,294</u>
 LIABILITIES AND NET ASSETS				
Liabilities				
Payables:				
Accounts	\$ 5,382	\$ 220,286	\$ --	\$ 225,668
Salaries and benefits	36,876	262,439	--	299,315
State advance	--	32,087	--	32,087
Advances from grantors	8,132	529,814	--	537,946
Revenue bond	1,158,602	--	--	1,158,602
Total Liabilities	1,208,992	1,044,626	--	2,253,618
Net Assets				
Unrestricted	(941,601)	--	1,810,885	869,284
Temporarily restricted by grantor agencies	--	308,206	173,186	481,392
Total Net Assets	<u>(941,601)</u>	<u>308,206</u>	<u>1,984,071</u>	<u>1,350,676</u>
Total Liabilities and Net Assets	<u>\$ 267,391</u>	<u>\$ 1,352,832</u>	<u>\$ 1,984,071</u>	<u>\$ 3,604,294</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Activities
All Funds
Year Ended September 30, 2014

	Administrative Fund	Program Funds	Plant Fund	Total
Revenues:				
Governmental Funding Sources:				
Iowa Department of Human Rights	\$ --	\$ 2,814,019	\$ --	\$ 2,814,019
U.S. Department of Health and Human Services	--	1,997,818	--	1,997,818
Iowa Department of Public Health	--	1,713,244	--	1,713,244
Iowa Department of Education	--	990,461	--	990,461
Iowa Department of Human Services	--	111,979	--	111,979
Various	--	20,231	--	20,231
In-Kind Contributions	--	540,845	--	540,845
Public Support and Contributions	48	404,829	--	404,877
Co-Funding	--	91,605	--	91,605
Investment Income (Loss)	(1,609)	1	--	(1,608)
Rental Income	121,533	--	--	121,533
Investment in Plant	--	--	49,547	49,547
Miscellaneous	12,849	481,103	--	493,952
Total Revenues	132,821	9,166,135	49,547	9,348,503
Expenses:				
Head Start	--	2,613,221	--	2,613,221
Community Services Block Grant (CSBG)	--	210,604	--	210,604
Low-Income Home Energy Assistance Program (LIHEAP)	--	1,868,707	--	1,868,707
Weatherization Assistance	--	541,345	--	541,345
Maternal and Child Health	--	255,881	--	255,881
Family Planning	--	229,455	--	229,455
Women, Infants and Children (WIC)	--	397,030	--	397,030
Child and Adult Care Food Program (CACFP) - Homes	--	396,608	--	396,608
Substance Abuse Programs	--	1,076,884	--	1,076,884
Empowerment Programs	--	515,523	--	515,523
Other Programs	--	950,057	--	950,057
Administration	92,067	--	--	92,067
Depreciation	--	--	128,977	128,977
Total Expenses	92,067	9,055,315	128,977	9,276,359
Excess of Revenues Over Expenses (Expenses Over Revenues)	40,754	110,820	(79,430)	72,144
Change in Unrealized Gains and Losses on Investments, Other Than Trading Securities	3,976	--	--	3,976
Change in Net Assets	\$ 44,730	\$ 110,820	\$(79,430)	\$ 76,120

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Changes in Net Assets
All Funds
Year Ended September 30, 2014

	<u>Administrative Fund</u>	<u>Program Funds</u>	<u>Plant Fund</u>	<u>Total</u>
Net Assets at Beginning of Year	\$(986,331)	\$ 197,386	\$ 2,063,501	\$ 1,274,556
Change in Net Assets	<u>44,730</u>	<u>110,820</u>	<u>(79,430)</u>	<u>76,120</u>
Net Assets at End of Year	<u><u>\$(941,601)</u></u>	<u><u>\$ 308,206</u></u>	<u><u>\$ 1,984,071</u></u>	<u><u>\$ 1,350,676</u></u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Functional Expenses
Administrative Fund and Program Funds
Year Ended September 30, 2014

	Administrative Fund	Program Funds	Total
Salaries and wages	\$ 344,311	\$ 2,500,400	\$ 2,844,711
Fringe benefits	112,169	779,794	891,963
Assistance to individuals	--	3,124,986	3,124,986
Professional fees and contracted services	26,341	191,584	217,925
Travel	9,271	171,045	180,316
Occupancy	18,298	295,253	313,551
Utilities and telephone	6,889	90,760	97,649
Supplies and materials	8,631	344,488	353,119
Equipment	4	134,800	134,804
Printing, publications and postage	2,589	43,867	46,456
Insurance	4,284	31,930	36,214
Interest expense	77,012	--	77,012
Amortization	1,485	--	1,485
Miscellaneous	9,901	184,840	194,741
Co-funding	--	91,605	91,605
In-kind:			
Labor	--	81,352	81,352
Materials and other	--	459,493	459,493
 Total Expenses Before Allocation of Indirect Costs	 621,185	 8,526,197	 9,147,382
Allocation of indirect costs	(529,118)	529,118	--
 Total Expenses	 <u>\$ 92,067</u>	 <u>\$ 9,055,315</u>	 <u>\$ 9,147,382</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Statement of Cash Flows
Year Ended September 30, 2014

Cash flows from operating activities:	
Cash received from State Agencies	\$ 5,702,109
Cash received from Federal Grantors	1,953,152
Contributions received	404,877
Investment income	583
Other receipts	318,266
Cash paid to employees and suppliers	(8,219,954)
Interest paid	(77,012)
Net cash provided by operating activities	<u>82,021</u>
Cash flows from investing activities:	
Payments to acquire property and equipment	(49,547)
Cash flows from financing activities:	
Principal paid on revenue bond	<u>(47,884)</u>
Net decrease in cash	(15,410)
Cash and cash equivalents at beginning of year	<u>766,099</u>
Cash and cash equivalents at end of year	<u>\$ 750,689</u>

(continued next page)

NEW OPPORTUNITIES, INC.
Statement of Cash Flows - Continued
Year Ended September 30, 2014

Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	\$ 76,120
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	128,977
Amortization	1,485
Receivable write-off	2,191
Change in unrealized gains and losses on investments	(3,976)
Changes in assets and liabilities	
Receivables	(196,498)
Prepaid expenses	(1,814)
Inventory	(4,040)
Payables	51,255
Advances from grantors	28,321
Total adjustments	<u>5,901</u>
Net cash provided by operating activities	<u>\$ 82,021</u>

See notes to financial statements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Community Opportunities, Inc. d/b/a New Opportunities, Inc. (the Agency), a not-for-profit corporation, is a community action agency that serves the Iowa counties of Audubon, Calhoun, Carroll, Dallas, Greene, Guthrie, and Sac. New Opportunities, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Agency is required to file a Form 990 (which is subject to audit by the Internal Revenue Service) annually, to maintain its exempt status. The Agency's open audit periods are for years ended September 30, 2011 through 2014.

New Opportunities, Inc. administers various programs funded by Federal, State and local governmental bodies. Each program is accounted for as a separate fund. As indicated on Exhibit B, the Agency received approximately 80% of its revenues from four governmental funding sources. The Agency has renewed substantially all of these governmental funding sources for fiscal year October 1, 2014 to September 30, 2015.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board for non-profit corporations.

B. Fund Accounting

The accounts of New Opportunities, Inc. are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

Administrative Fund - The Administrative Fund represents funds derived from local sources such as donations, rents and miscellaneous activities. The Agency's overall management and administrative expenses are charged to this fund and then allowable indirect costs are allocated to the various programs which the Agency administers.

Program Funds - Program Funds are used to account for the revenues and expenses that are contractually restricted by the funding source for specific purposes.

Plant Fund - The Plant Fund is used to accumulate the net investment in fixed assets and to account for the unexpended resources contributed specifically for the purpose of acquiring fixed assets for the Agency.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Purchases of property and equipment providing future benefits are recorded as expenses in the program at the time of purchase and capitalized in the plant fund.

D. Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Temporarily restricted net assets are those whose use by the Agency has been limited by grantor agencies to a specific time period or purpose.

Revenues and expenses are reported as increases or decreases in unrestricted net assets unless use of the related assets is limited by donor- or grantor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

E. Assets, Liabilities and Net Assets

The following accounting policies are followed in preparing the combined statement of financial position:

Cash and Cash Equivalents - The Agency considers demand deposits and all other highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments - Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses (expenses over revenues) unless the income or loss is restricted by donor or law. Unrealized gains or losses are recorded in investment income (loss) on trading securities and as a change in net assets on available for sale and held to maturity securities.

Receivables from Grantor Agencies - Reimbursement procedures used for grants and contracts may result in timing differences between program reimbursements and expenditures as of the beginning and end of the year. Receivables from Grantor Agencies represent an excess of expenditures over cash basis reimbursements at year end.

All receivables are considered fully collectible. Accordingly, no provision for uncollectible amounts has been recorded.

Receivables/Payables from Other Funds - During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. To the extent that certain transactions between funds had not been paid or received as of September 30, 2014, balances of interfund amounts receivable or payable have been recorded.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Prepaid Expenses - Prepaid expenses consist of the unexpired portion of insurance premiums for Agency auto, liability, property damage, and worker's compensation coverage.

Inventory - Inventory is valued at the lower of cost or market. Cost is determined on the first-in, first-out basis. The costs of inventories are recorded as expenses when consumed rather than when purchased.

Property and Equipment - Property and equipment are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Property and equipment purchased are recorded as expenses in the fund purchasing the asset. The purchases are then capitalized in the plant fund accumulating the net investment in fixed assets. Depreciation has been provided in the plant fund using the straight-line method over the estimated useful lives of the respective assets, generally 5 to 25 years. The depreciated cost of the property and equipment does not purport to be either a realizable value or a replacement value.

Expenses for maintenance, repairs and minor replacements are charged to the current year, while the cost for major replacements and betterments are capitalized into the Plant Fund. The cost of assets disposed of is deleted. No interest costs were capitalized during the year ended September 30, 2014.

Advances From Grantors - Advances from grantors represents an excess of cash advances by the funding source over accrued expenses at year end.

Compensated Absences - Employees of the Agency accumulate a limited amount of earned but unused vacation payable to employees. Amounts representing the cost of compensated absences are recorded as liabilities of the Administrative Fund. This liability has been computed based on rates of pay in effect at September 30, 2014.

Advertising and Promotion Costs - Advertising and promotion costs are expensed as they are incurred. Advertising and promotion costs totaled \$44,944 during the year ended September 30, 2014.

F. In-Kind Contributions

The Agency recognizes donated labor, services, materials and rent-free or rent-reduced usage of facilities and equipment as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expense are valued at their estimated fair market value and recognized in the financial statements in accordance with grant requirements.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Total Column

The total column on the combined statements of financial position, activities, and functional expenses is presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68 "*Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27.*" This statement will be implemented for the fiscal year ending September 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the Agency's proportionate share of the Iowa Public Employees Retirement System pension plan.

NOTE 2 - INDIRECT COST RATE AGREEMENT

New Opportunities, Inc. entered into an Indirect Cost Rate Agreement with their cognizant agency, Department of Health and Human Services, setting a predetermined Indirect Cost Rate of up to 16.5% for fiscal years October 1, 2013 to September 30, 2015. The Agency used a 16.4% Indirect Cost Rate for the fiscal year ending September 30, 2014. The Indirect Cost allowed is calculated by multiplying the lower of the approved predetermined rate or the rate used by the Agency (16.4%) times the allocation base. The allocation base is the Agency's direct salaries and wages, including fringe benefits and is applicable to all programs. The use of the Indirect Cost Rate allows for an allocation process of the Agency's costs that are incurred for common or joint objectives and, therefore, cannot be readily and specifically identified with a particular project or activity.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 3 - MANAGED CARE CONTRACT

The Agency's substance abuse treatment and rehabilitation services are being reimbursed under a managed care contract administered by Magellan Behavioral Health, Inc. The Agency received approximately 4% of its total support and revenue through this contract for the twelve months ended September 30, 2014. The Agency's managed care contract for its current five county service area has been renewed for fiscal year ending September 30, 2015.

NOTE 4 - DEPOSITS AND INVESTMENTS

The Agency's deposits at September 30, 2014 were entirely covered by Federal depository insurance, collateralized with securities or letters of credit held by the Agency or the Agency's agent in the Agency's name, or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

Investments are stated as indicated in Note 1. The composition of investments is as set forth below:

Equity securities	<u>\$ 21,618</u>
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All equity securities are classified as available for sale. None of the \$21,618 of equity securities is covered by any form of insurance against loss.

Investment income and other changes in investments are comprised of the following for the year ended September 30, 2014:

Investment Income (Loss):	
Interest income	\$ 89
Dividend income	494
Realized loss on sale of securities	<u>(2,191)</u>
	<u><u>\$ (1,608)</u></u>

Other Changes in Investments:	
Change in unrealized gains and (losses) on available for sale securities	<u>\$ 3,976</u>

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 5 - FAIR VALUE MEASUREMENTS

The Agency's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs are unobservable and have the lowest priority. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Agency measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 1 inputs were available for all investments at September 30, 2014.

Level 1 Fair Value Measurements

The fair value of publicly traded equity securities is based on quoted net asset values of the shares held by the Agency at year-end. Level 1 fair values for publicly traded equity securities using quoted prices on active markets for identical assets were \$21,618 at September 30, 2014.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 6 - PROPERTY AND EQUIPMENT

A summary of property and equipment comprising the plant fund at September 30, 2014, categorized by acquiring program/source, is as follows:

<u>Acquiring Program/Source</u>	<u>Land and Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Head Start	\$ 66,453	\$ 59,266	\$ 135,969	\$ 261,688
Maternal Health/Child Health	--	--	5,643	5,643
Substance Abuse	--	--	5,800	5,800
Weatherization Assistance	--	45,392	6,405	51,797
Women, Infants and Children	--	21,847	--	21,847
Community Service Block Grant	--	21,851	--	21,851
Other Grantors	--	--	7,297	7,297
General Agency	<u>2,231,020</u>	<u>19,609</u>	<u>31,737</u>	<u>2,282,366</u>
Total Cost	<u>2,297,473</u>	<u>167,965</u>	<u>192,851</u>	<u>2,658,289</u>
Less Accumulated Depreciation	<u>(443,487)</u>	<u>(96,581)</u>	<u>(134,150)</u>	<u>(674,218)</u>
Net	<u>\$1,853,986</u>	<u>\$ 71,384</u>	<u>\$ 58,701</u>	<u>\$1,984,071</u>

The components of the Agency's accumulated depreciation at September 30, 2014 are as follows:

	<u>Buildings</u>	<u>Vehicles</u>	<u>Equipment</u>	<u>Total</u>
Balance Beginning of Year	\$ 355,681	\$ 92,798	\$ 166,353	\$ 614,832
Current Year Depreciation	87,806	25,249	15,922	128,977
Less Disposals	<u>--</u>	<u>(21,466)</u>	<u>(48,125)</u>	<u>(69,591)</u>
Balance End of Year	<u>\$ 443,487</u>	<u>\$ 96,581</u>	<u>\$ 134,150</u>	<u>\$ 674,218</u>

NOTE 7 - REVENUE BOND

The following is a summary of the revenue bond payable and related information at September 30, 2014:

Revenue bond payable \$ 1,158,602

The revenue bond was issued in December, 2008 in the amount of \$1,400,000. The bond was issued to finance the acquisition of land and a building to house the Agency's operations and is collateralized by a mortgage agreement on the Agency's real estate. The bond matures in 240 equal monthly installments of \$10,408, including interest at 6.5% per annum, through December, 2028.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 7 - REVENUE BOND - Continued

The principal and interest payments required on the bond for the next five and subsequent years are as follows:

<u>Year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 51,092	\$ 73,804	\$ 124,896
2016	54,513	70,383	124,896
2017	58,164	66,732	124,896
2018	62,059	62,837	124,896
2019	66,216	58,680	124,896
2020-2024	403,844	220,638	624,482
2025-2029	462,714	68,098	530,812
	<u>\$ 1,158,602</u>	<u>\$ 621,172</u>	<u>\$ 1,779,774</u>

NOTE 8 - LEASE COMMITMENT

New Opportunities, Inc. leases office space under operating leases which may be canceled by either party by giving written notice ranging from sixty to ninety days of their intention to vacate the lease. The Agency also leases copy machines, phone systems, and a mailing system under non-cancelable operating leases expiring through December, 2018.

Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2014 are as follows:

<u>Year Ending September 30,</u>	
2015	\$ 26,934
2016	26,934
2017	26,934
2018	23,429
2019	<u>7,420</u>
Total minimum future rental payments	<u>\$ 111,651</u>

Rental expense under all non-cancelable operating leases for the year ended September 30, 2014 totaled approximately \$25,130.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 9 - PENSION AND RETIREMENT BENEFITS

Iowa Public Employees Retirement System

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual salary and the Agency is required to contribute 8.93% of annual covered payroll. Contribution requirements are established by State statute. The Agency's contributions to IPERS for the years ended September 30, 2014, 2013, and 2012 were approximately \$240,400, \$236,100, and \$232,400, respectively, equal to the required contribution for that year.

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 10 - EARLY CHILDHOOD IOWA LOCAL AREA

The Agency acts as fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa area created by Audubon, Carroll, Greene, and Guthrie counties pursuant to the provisions of Chapter 256I of the Code of Iowa. The Organization receives state grants to administer early childhood and school ready programs. Financial transactions of the Organization are included in the Agency's financial statements as a Program Fund because of the Agency's fiduciary relationship with the Organization. The Organization's financial data for the year ended June 30, 2014 is as follows:

	Early Childhood Funds	School Ready Funds	Total
State of Iowa Grants:			
Early childhood	\$ 59,190	\$ --	\$ 59,190
Family support & parent education	--	238,944	238,944
Preschool support for low- income families	--	104,914	104,914
Quality improvement	--	58,225	58,225
Allocation for administration	3,115	13,209	16,324
Other grant programs	--	25,404	25,404
Total State of Iowa Grants	62,305	440,696	503,001
Interest	--	19	19
Total Revenues	62,305	440,715	503,020
Program Services:			
Early childhood	59,189	--	59,189
Family support & parent education	--	238,900	238,900
Preschool support for low- income families	--	120,582	120,582
Quality improvement	--	50,277	50,277
Other program services	--	19,000	19,000
Total Program Services	59,189	428,759	487,948
Administration	3,115	13,209	16,324
Total Expenses	62,304	441,968	504,272
Net Change	1	(1,253)	(1,252)
Balances - beginning of year	--	64,451	64,451
Balances - end of year	\$ 1	\$ 63,198	\$ 63,199

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 10 - EARLY CHILDHOOD LOCAL AREA - Continued

Condensed Balance Sheet - Partnership 4 Families

Cash	\$	93,545
Payable to Fiscal Agent	(<u>30,346)</u>

Net Assets	\$	<u>63,199</u>
------------	----	---------------

Reconciliation from Partnership 4 Families June 30, 2014 Financial Data to New Opportunities, Inc. September 30, 2014 Financial Data

Total revenues from July 1, 2013 to June 30, 2014	\$	503,020
Less revenues from July 1, 2013 to September 30, 2013	(125,753)
Plus revenues from July 1, 2014 to September 30, 2014		127,338
Change in deferred revenue from September 30, 2013 to September 30, 2014		<u>10,918</u>

Total Revenue Earned by New Opportunities, Inc. for Early Childhood Iowa for year ended September 30, 2014	\$	<u>515,523</u>
--	----	----------------

Total expenses from July 1, 2013 to June 30, 2014	\$	504,272
Less expenses from July 1, 2013 to September 30, 2013	(111,144)
Plus expenses from July 1, 2014 to September 30, 2014		<u>122,395</u>

Total expenses by New Opportunities, Inc. for Early Childhood Iowa for year ended September 30, 2014	\$	<u>515,523</u>
--	----	----------------

June 30, 2014 Net Assets	\$	63,199
Plus revenues from July 1, 2014 to September 30, 2014		127,338
Less expenses from July 1, 2014 to September 30, 2014	(<u>122,395)</u>

September 30, 2014 Net Assets - Deferred Revenue for New Opportunities, Inc.	\$	<u>68,142</u>
--	----	---------------

NEW OPPORTUNITIES, INC.
Notes to Financial Statements
September 30, 2014

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Line of Credit

The Agency has established an open-end line of credit with a local bank with a face amount of \$200,000. The line of credit carries a variable interest rate (4.50% at September 30, 2014) and there was no amount borrowed on the line at September 30, 2014. The agreement expires in April, 2015.

Federal Assistance Grants

New Opportunities, Inc. receives a significant portion of its revenues from government grants and contracts, all of which are subject to audit by the federal government. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and audited by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits, therefore no liability is accrued on these financial statements.

Agency Risk Management

New Opportunities, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Subsequent Event

The Agency has evaluated all subsequent events through February 2, 2015, the date the financial statements were available to be issued.

* * *

SUPPLEMENTAL INFORMATION

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds
Year Ended September 30, 2014

	Head Start - Early Head Start	CSBG	County Outreach
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ 210,604	\$ 6,245
U.S. Department of Health and Human Services	1,997,818	--	--
Iowa Department of Public Health	--	--	--
Iowa Department of Education	74,558	--	3,772
Iowa Department of Human Services	--	--	9,113
Various	--	--	--
In-Kind Contributions	540,845	--	--
Public Support and Contributions	--	--	190,999
Co-funding	--	--	68,083
Investment Income	--	--	--
Miscellaneous	--	--	2,595
	<hr/>	<hr/>	<hr/>
Total Revenues	2,613,221	210,604	280,807
Expenses:			
Salaries and wages	999,518	64,147	95,830
Fringe benefits	286,396	18,242	36,056
Assistance to individuals	133,527	--	48,586
Professional fees and contracted services	20,355	3,298	720
Travel	44,886	5,336	11,256
Occupancy	140,674	3,030	19,013
Utilities and telephone	32,342	1,581	8,477
Supplies and materials	95,218	3,086	20,452
Equipment	52,331	2,366	4,377
Printing, publications and postage	12,459	1,108	3,198
Insurance	12,399	984	1,375
Miscellaneous	33,769	2,752	9,838
Co-Funding	--	91,605	--
In-Kind:			
Labor	81,352	--	--
Materials and other	459,493	--	--
	<hr/>	<hr/>	<hr/>
Total Expenses Before Allocation of Indirect Costs	2,404,719	197,535	259,178
Allocation of Indirect Costs	208,502	13,069	21,629
	<hr/>	<hr/>	<hr/>
Total Expenses	2,613,221	210,604	280,807
Change in Net Assets	--	--	--
Net Assets (Deficit) at Beginning of Year	--	--	(39,164)
Net Assets (Deficit) at End of Year	<u>\$ --</u>	<u>\$ --</u>	<u>\$(39,164)</u>

(continued next page)

<u>CACFP</u>	<u>WIC</u>	<u>Child Health</u>	<u>Dental Health</u>	<u>Maternal Health</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	396,020	129,121	10,290	36,841
396,608	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	1,010	--	599	--
--	--	--	--	--
--	--	15,412	--	74,507
396,608	397,030	144,533	10,889	111,348
34,085	180,018	78,776	4,999	62,507
12,220	58,712	26,153	1,405	18,372
312,818	19,132	--	--	--
3,365	5,397	2,253	--	4,346
10,551	7,176	2,880	1,972	2,629
3,312	30,796	5,810	--	4,953
1,423	4,880	2,494	--	1,057
4,134	17,255	4,459	1,463	2,264
1,308	24,496	810	--	173
2,867	2,911	1,778	--	241
331	1,974	559	--	384
2,600	5,131	1,008	--	1,158
--	--	--	--	--
--	--	--	--	--
389,014	357,878	126,980	9,839	98,084
7,594	39,152	17,553	1,050	13,264
396,608	397,030	144,533	10,889	111,348
--	--	--	--	--
(9,786)	2,414	(25,805)	(13)	(17,491)
<u>\$(9,786)</u>	<u>\$ 2,414</u>	<u>\$(25,805)</u>	<u>\$(13)</u>	<u>\$(17,491)</u>

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2014

	<u>Family Planning</u>	<u>Hawk-I</u>	<u>Pregnancy Prevention</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	196,339	9,334	--
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	--	54,723
Various	--	--	--
In-Kind Contributions	--	--	--
Public Support and Contributions	1,605	--	--
Co-funding	--	705	935
Investment Income	--	--	--
Miscellaneous	<u>31,511</u>	<u>--</u>	<u>--</u>
Total Revenues	229,455	10,039	55,658
Expenses:			
Salaries and wages	55,150	2,984	31,966
Fringe benefits	16,063	908	9,962
Assistance to individuals	--	--	--
Professional fees and contracted services	57,420	3,731	--
Travel	4,539	269	3,708
Occupancy	9,920	--	--
Utilities and telephone	1,972	4	96
Supplies and materials	28,903	1,424	2,799
Equipment	5,489	--	--
Printing, publications and postage	1,315	97	136
Insurance	2,135	--	60
Miscellaneous	35,337	--	279
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	218,243	9,417	49,006
Allocation of Indirect Costs	<u>11,212</u>	<u>622</u>	<u>6,652</u>
Total Expenses	<u>229,455</u>	<u>10,039</u>	<u>55,658</u>
Change in Net Assets	--	--	--
Net Assets (Deficit) at Beginning of Year	<u>(14,239)</u>	<u>(168)</u>	<u>54</u>
Net Assets (Deficit) at End of Year	<u><u>\$ (14,239)</u></u>	<u><u>\$ (168)</u></u>	<u><u>\$ 54</u></u>

(continued next page)

LIHEAP	HEAP	Weatherization Assistance Programs		I-Smile
		Department of Energy	Utility Company	
\$ 1,868,707	\$ 395,428	\$ 136,748	\$ 196,287	\$ --
--	--	--	--	--
--	--	--	--	62,246
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
--	--	--	--	19,453
--	--	--	--	--
--	--	--	--	--
--	--	--	--	21,903
1,868,707	395,428	136,748	196,287	103,602
85,542	1,977	--	--	56,402
33,558	600	--	--	15,553
1,699,514	279,028	75,439	165,514	--
3,598	--	--	--	1,479
1,795	2,151	--	--	1,706
10,202	--	--	--	4,150
5,493	--	--	--	1,118
6,740	--	--	--	9,746
761	5,153	--	--	785
816	--	--	--	272
597	2,371	--	--	331
559	103,725	61,309	30,773	480
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
1,849,175	395,005	136,748	196,287	92,022
19,532	423	--	--	11,580
1,868,707	395,428	136,748	196,287	103,602
--	--	--	--	--
--	--	--	--	(916)
\$ --	\$ --	\$ --	\$ --	\$ (916)

NEW OPPORTUNITIES, INC.
Schedule of Activities - Program Funds - Continued
Year Ended September 30, 2014

	<u>Child Lead</u>	<u>Substance Abuse Prevention</u>	<u>Substance Abuse Treatment</u>
Revenues:			
Governmental Funding Sources:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
U.S. Department of Health and Human Services	--	--	--
Iowa Department of Public Health	18,986	289,323	474,448
Iowa Department of Education	--	--	--
Iowa Department of Human Services	--	48,143	--
Various	--	--	82
In-Kind Contributions	--	--	--
Public Support and Contributions	--	108,850	32,018
Co-funding	2,348	2,145	--
Investment Income	--	1	--
Miscellaneous	<u>40,972</u>	<u>42,514</u>	<u>191,189</u>
Total Revenues	62,306	490,976	697,737
Expenses:			
Salaries and wages	26,580	225,635	266,217
Fringe benefits	9,153	80,476	88,827
Assistance to individuals	--	--	31,572
Professional fees and contracted services	3,834	4,515	6,493
Travel	130	24,292	22,168
Occupancy	1,465	13,090	31,075
Utilities and telephone	280	6,106	12,850
Supplies and materials	13,784	65,494	26,277
Equipment	5	5,331	16,948
Printing, publications and postage	351	2,248	10,356
Insurance	156	1,366	2,339
Miscellaneous	708	10,435	9,702
Co-Funding	--	--	--
In-Kind:			
Labor	--	--	--
Materials and other	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenses Before Allocation of Indirect Costs	56,446	438,988	524,824
Allocation of Indirect Costs	<u>5,860</u>	<u>48,653</u>	<u>64,419</u>
Total Expenses	<u>62,306</u>	<u>487,641</u>	<u>589,243</u>
Change in Net Assets	--	3,335	108,494
Net Assets (Deficit) at Beginning of Year	<u>10,908</u>	<u>83,030</u>	<u>369,201</u>
Net Assets (Deficit) at End of Year	<u>\$ 10,908</u>	<u>\$ 86,365</u>	<u>\$ 477,695</u>

See accompanying independent auditor's report.

Early Childhood Iowa	DCAT	Other	Eliminations	Total
\$ --	\$ --	\$ --	\$ --	\$ 2,814,019
--	--	--	--	1,997,818
--	--	90,296	--	1,713,244
515,523	--	--	--	990,461
--	--	--	--	111,979
--	--	20,149	--	20,231
--	--	--	--	540,845
--	--	51,904	--	404,829
--	--	15,780	--	91,605
--	--	--	--	1
--	--	247,618	(187,118)	481,103
515,523	--	425,747	(187,118)	9,166,135
42,122	--	185,945	--	2,500,400
11,995	--	55,143	--	779,794
305,523	--	54,333	--	3,124,986
64,607	--	6,173	--	191,584
4,302	--	19,299	--	171,045
3,000	--	14,763	--	295,253
2,294	--	8,293	--	90,760
20,869	--	20,121	--	344,488
2,434	--	12,033	--	134,800
2,430	--	1,284	--	43,867
1,363	--	3,206	--	31,930
54,584	--	7,811	(187,118)	184,840
--	--	--	--	91,605
--	--	--	--	81,352
--	--	--	--	459,493
515,523	--	388,404	(187,118)	8,526,197
--	--	38,352	--	529,118
515,523	--	426,756	(187,118)	9,055,315
--	--	(1,009)	--	110,820
--	22	(160,661)	--	197,386
\$ --	\$ 22	\$ (161,670)	\$ --	\$ 308,206

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Direct Programs		
Head Start Program	93.600	07CH 7055/01
Head Start Program	93.600	07CH 7055/02
Early Head Start	93.600	07CH 7055/01
Early Head Start	93.600	07CH 7055/02
Indirect Programs		
Passed through Iowa Department of Human Rights		
Low-Income Home Energy Assistance Program	93.568	LIHEAP-14-01
Weatherization Assistance	93.568	HEAP 13-01
Weatherization Assistance	93.568	HEAP 14-01
Community Services Block Grant	93.569	CSBG 13-01
Community Services Block Grant	93.569	CSBG 14-01
Passed through Iowa Department of Public Health		
Family Planning	93.217	5884 MH07
Youth Suicide Prevention	93.243	MIS-209851-000
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5884 CP04
Comprehensive Substance Abuse Prevention - SPF SIG	93.243	5885 CP04
Access to Recovery	93.275	5881 AC07
Expansion of School Based Dental Sealant Program	93.283	5884DH13
Community Based Strategies for a Healthier Iowa	93.531	5U58DP003554-03
Community Based Strategies for a Healthier Iowa	93.531	5U58DP003554-03
Comprehensive Substance Abuse Prevention	93.959	5884 CP04
Comprehensive Substance Abuse Prevention	93.959	5885 CP04
Substance Abuse Prevention and Treatment Block Grant	93.959	MIS-209851-000
Substance Abuse Prevention and Treatment Block Grant	93.959	MIS-209851-000
Expansion of School Based Dental Sealant Program	93.994	5884DH13
Maternal Health	93.994	5884 MH07
Child Health	93.994	5884 MH07
Dental Health	93.994	5884 MH07

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
07/01/13 - 11/30/13	\$ 310,693
12/01/13 - 11/30/14	1,218,803
07/01/13 - 11/30/13	82,149
12/01/13 - 11/30/14	<u>386,173</u>
	1,997,818
10/01/13 - 09/30/14	1,868,707
01/01/13 - 12/31/13	133,450
01/01/14 - 12/31/14	<u>261,978</u>
	2,264,135
10/01/12 - 09/30/14	169,949
10/01/13 - 12/31/14	<u>40,655</u>
	210,604
10/01/13 - 09/30/14	196,339
04/01/14 - 06/30/14	6,000
07/01/13 - 06/30/14	112,584
07/01/14 - 01/31/15	<u>42,277</u>
	160,861
12/01/10 - 09/30/14	110,837
12/01/13 - 09/30/14	2,500*
09/30/13 - 09/29/14	500
09/01/14 - 08/31/15	<u>250</u>
	750
07/01/13 - 06/30/14	42,232
07/01/14 - 01/31/15	13,372
07/01/13 - 06/30/14	95,580
07/01/14 - 06/30/15	<u>27,586</u>
	178,770
12/01/13 - 09/30/14	1,275
10/01/13 - 09/30/14	25,512
10/01/13 - 09/30/14	31,900
10/01/13 - 09/30/14	<u>3,520</u>
	62,207

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Health and Human Services		
Indirect Programs - Continued		
Passed through Iowa Department of Human Services		
I-Smile	93.283	5884-MH07
Iowa Child Abuse Prevention Program	93.556	ACFS-14-078
Iowa Child Abuse Prevention Program	93.556	ACFS-14-078
Community for Adolescent Pregnancy Prevention	93.558	ACFS-14-187
Community for Adolescent Pregnancy Prevention	93.558	ACFS-14-187
Iowa Child Abuse Prevention Program	93.558	ACFS-14-078
Iowa Child Abuse Prevention Program	93.558	ACFS-14-078
Social Services Block Grant	93.667	V2010-05-05
Social Services Block Grant	93.667	V2010-05-05
Iowa Child Abuse Prevention Program	93.669	ACFS-14-078
Iowa Child Abuse Prevention Program	93.669	ACFS-14-078
I-Smile	93.778	5884-MH07
<i>Total U.S. Department of Health and Human Services</i>		
U.S. Department of Energy		
Indirect Programs		
Passed through Iowa Department of Human Rights		
Weatherization Assistance	81.042	DOE-13-01
Weatherization Assistance	81.042	DOE-14-01
<i>Total U.S. Department of Energy</i>		
U.S. Department of Agriculture		
Indirect Programs		
Passed through Iowa Department of Public Health		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	5884 A033
Passed through Iowa Department of Education		
Child and Adult Care Food Program (Day Care Homes)	10.558	14-8015
Child and Adult Care Food Program (Head Start)	10.558	14-8010
Summer Food Service Program	10.559	14-8010

(continued next page)

<u>Period of Grant</u>	<u>Federal Expenditures</u>
10/01/13 - 09/30/14	\$ 1,750*
07/01/13 - 06/30/14	3,097
07/01/14 - 06/30/15	<u>820</u>
	3,917
07/01/13 - 06/30/14	42,468
07/01/14 - 06/30/15	12,255
07/01/13 - 06/30/14	530
07/01/14 - 06/30/15	<u>140</u>
	55,393
07/01/13 - 06/30/14	714
07/01/14 - 06/30/15	<u>231</u>
	945
07/01/13 - 06/30/14	21
07/01/14 - 06/30/15	<u>6</u>
	27
10/01/13 - 09/30/14	<u>30,248</u>
	5,277,101
08/01/13 - 03/31/14	5,729
04/01/14 - 03/31/15	<u>131,019</u>
	136,748
10/01/13 - 09/30/14	396,020
10/01/13 - 09/30/14	396,608
10/01/13 - 09/30/14	<u>74,558</u>
	471,166
10/01/13 - 09/30/14	3,772

NEW OPPORTUNITIES, INC.
Schedule of Expenditures of Federal Awards - continued
Year Ended September 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant or Program Number</u>
U.S. Department of Agriculture Indirect Programs Passed through Iowa Department of Agriculture & Land Stewardship Farmers Market	10.572	3IA810850

Total U.S. Department of Agriculture

Total Expenditures of Federal Awards

*Total Direct Programs
Total Indirect Programs*

* Subtotal of CFDA Number 93.283, passed through two different
state departments:

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of New Opportunities, Inc., and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

See accompanying independent auditor's report.

<u>Period of Grant</u>	<u>Federal Expenditures</u>
05/01/11 - 12/31/14	\$ 331
	<u>871,289</u>
	<u>\$ 6,285,138</u>
	\$ 1,997,818
	\$ 4,287,320
	<u>\$ 4,250</u>

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Community Services Block Grants
 Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number CSBG 13-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 169,949	\$ 169,949	\$ --
Program Expenditures:			
Personnel	\$ 74,138	\$ 73,866	\$ 272
Travel	6,533	4,956	1,577
Space Costs	3,802	4,017	(215)
Equipment	2,005	1,626	379
Co-Funded Programs	58,760	62,203	(3,443)
Other Costs	12,761	11,610	1,151
Indirect Costs	11,950	11,671	279
Total Expenditures	\$ 169,949	\$ 169,949	\$ --
<u>Contract Number CSBG 14-01</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 230,092	\$ 40,655	\$ 189,437
Program Expenditures:			
Personnel	\$ 90,600	\$ 8,523	\$ 82,077
Travel	5,000	380	4,620
Space Costs	2,000	307	1,693
Equipment	3,000	123	2,877
Co-Funded Programs	104,681	29,402	75,279
Other Costs	10,811	522	10,289
Indirect Costs	14,000	1,398	12,602
Total Expenditures	\$ 230,092	\$ 40,655	\$ 189,437

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
 Schedule of Revenues and Expenditures Compared to Budget
 Low-Income Home Energy Assistance Program
 Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number LIHEAP-14-01-B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 1,877,157	\$ 1,868,707	\$ 8,450
Program Expenditures:			
Regular Assistance	\$ 1,401,656	\$ 1,393,206	\$ 8,450
Energy Crisis Intervention Payments	120,405	120,405	--
Client Services	20,452	20,452	--
Summer Deliverable Fuel Program	185,903	185,903	--
Administration Costs	148,741	148,741	--
Total Expenditures	\$ 1,877,157	\$ 1,868,707	\$ 8,450

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number HEAP 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 439,030	\$ 133,450	\$ 305,580
Program Expenditures:			
Administration Costs	\$ 23,561	\$ 6,814	\$ 16,747
Weatherization Materials	121,443	17,076	104,367
Support Costs	106,673	29,753	76,920
Labor	117,421	21,597	95,824
Health and Safety	48,299	52,964	(4,665)
Equipment and Training	24,006	5,246	18,760
Pollution Occurrence Insurance	(2,373)	--	(2,373)
Total Expenditures	\$ 439,030	\$ 133,450	\$ 305,580
<u>Contract Number HEAP 14-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 598,224	\$ 261,978	\$ 336,246
Program Expenditures:			
Administration Costs	\$ 28,063	\$ --	\$ 28,063
Weatherization Materials	139,704	40,740	98,964
Support Costs	134,568	58,468	76,100
Labor	139,704	41,315	98,389
Health and Safety	103,954	105,336	(1,382)
Equipment and Training	33,760	5,648	28,112
Pollution Occurrence Insurance	2,371	2,371	--
Special Project - Knob & Tube	16,100	8,100	8,000
Total Expenditures	\$ 598,224	\$ 261,978	\$ 336,246

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number DOE-13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 5,729	\$ 5,729	\$ --
Program Expenditures:			
Administration Costs	\$ 906	\$ 906	\$ --
Weatherization Materials	8,199	3,440	4,759
Labor	3,077	1,383	1,694
Health and Safety	(6,453)	--	(6,453)
Total Expenditures	\$ 5,729	\$ 5,729	\$ --
<u>Contract Number DOE-14-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 131,019	\$ 131,019	\$ --
Program Expenditures:			
Administration Costs	\$ 15,088	\$ 15,088	\$ --
Weatherization Materials	31,592	18,507	13,085
Support Costs	30,049	45,315	(15,266)
Labor	31,592	21,959	9,633
Health and Safety	22,698	30,150	(7,452)
Total Expenditures	\$ 131,019	\$ 131,019	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
Program Expenditures:			
Labor	\$ 1,197	\$ --	\$ 1,197
Weatherization Materials	(1,197)	--	(1,197)
Total Expenditures	\$ --	\$ --	\$ --
<u>Contract Number IPL 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ --	\$ --	\$ --
Program Expenditures:			
Labor	\$(640)	\$ --	\$(640)
Weatherization Materials	640	--	640
Total Expenditures	\$ --	\$ --	\$ --
<u>Contract Number MEC 13-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 14,919	\$ 14,919	\$ --
Program Expenditures:			
Administrative Costs	\$ 5,704	\$ 5,704	\$ --
Support Costs	758	758	--
Labor	1,009	4,724	(3,715)
Weatherization Materials	7,448	3,733	3,715
Total Expenditures	\$ 14,919	\$ 14,919	\$ --

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures Compared to Budget
Weatherization Assistance Programs
Year Ended September 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Contract Number BHE 14-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 25,190	\$ 14,641	\$ 10,549
Program Expenditures:			
Administrative Costs	\$ 1,259	\$ --	\$ 1,259
Support Costs	2,519	1,568	951
Labor	10,706	7,144	3,562
Weatherization Materials	10,706	5,929	4,777
Total Expenditures	\$ 25,190	\$ 14,641	\$ 10,549
<u>Contract Number IPL 14-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 71,482	\$ 50,383	\$ 21,099
Program Expenditures:			
Administrative Costs	\$ 3,574	\$ --	\$ 3,574
Support Costs	7,148	5,397	1,751
Labor	30,380	22,786	7,594
Weatherization Materials	30,380	22,200	8,180
Total Expenditures	\$ 71,482	\$ 50,383	\$ 21,099
<u>Contract Number MEC 14-01B</u>			
Program Revenues:			
Iowa Department of Human Rights	\$ 116,402	\$ 116,344	\$ 58
Program Expenditures:			
Administrative Costs	\$ 5,820	\$ 5,820	\$ --
Support Costs	11,640	11,526	114
Labor	49,471	46,424	3,047
Weatherization Materials	49,471	52,574	(3,103)
Total Expenditures	\$ 116,402	\$ 116,344	\$ 58

See accompanying independent auditor's report.

NEW OPPORTUNITIES, INC.
Schedule of Revenues and Expenditures
Administrative Fund
Year Ended September 30, 2014

	<u>Miscellaneous</u>	<u>Indirect Cost Pool</u>	<u>Total</u>
Revenues:			
Public Support and Contributions	\$ 48	\$ --	\$ 48
Investment Income (Loss)	(1,609)	--	(1,609)
Rental Income	121,533	--	121,533
Miscellaneous	<u>12,849</u>	<u>--</u>	<u>12,849</u>
Total Revenues	<u>\$ 132,821</u>	<u>\$ --</u>	<u>\$ 132,821</u>
Expenditures:			
Salaries and Wages	\$ --	\$ 344,311	\$ 344,311
Fringe Benefits	--	112,169	112,169
Professional Fees and Contracted Services	731	25,610	26,341
Travel	365	8,906	9,271
Occupancy	1,504	16,794	18,298
Utilities and Telephone	157	6,732	6,889
Supplies and Materials	2,535	6,096	8,631
Equipment	4	--	4
Printing, Publications and Postage	219	2,370	2,589
Insurance	--	4,284	4,284
Interest Expense	77,012	--	77,012
Amortization	1,485	--	1,485
Miscellaneous	<u>5,161</u>	<u>4,740</u>	<u>9,901</u>
Total Expenditures Before Allocation of Indirect Costs	89,173	532,012	621,185
Allocation of Indirect Costs	<u>--</u>	<u>(529,118)</u>	<u>(529,118)</u>
Total Expenditures	<u>\$ 89,173</u>	<u>\$ 2,894</u>	<u>\$ 92,067</u>

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

We have audited the financial statements of New Opportunities, Inc. as of and for the year ended September 30, 2014, and the related notes to the financial statements and have issued our report thereon dated February 2, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Opportunities, Inc.'s internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of New Opportunities, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined below.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

To the Board of Directors of
New Opportunities, Inc.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether New Opportunities, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended September 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Agency. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stonehill, Bell, Thayer & W. P. C.

Atlantic, Iowa
February 2, 2015

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance In Accordance With OMB Circular A-133

To the Board of Directors of
New Opportunities, Inc.
Carroll, Iowa

Report on Compliance for Each Major Federal Program

We have audited New Opportunities, Inc.'s compliance with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on New Opportunities, Inc.'s major federal program for the year ended September 30, 2014. The Agency's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management of New Opportunities, Inc. is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Agency's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

To the Board of Directors of
New Opportunities, Inc.

Opinion on Each Major Federal Program

In our opinion, New Opportunities, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of New Opportunities, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Armonell, Bell, Thyer & Co. P.C.

Atlantic, Iowa
February 2, 2015

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

PART I: Summary of the Independent Auditor's Results

Financial Statements

- (a) Type of auditor's report issued:
- Unmodified.
- (b) Internal control over financial reporting:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (c) Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
- (e) Type of auditor's report issued on compliance for major program:
- Unmodified.
- (f) Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the OMB Circular A-133? ☐ yes ☒ no
- (g) Identification of major program:
- Head Start/Early Head Start Program Cluster:
- CFDA Number 93.600
- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- (i) Auditee qualified as low-risk auditee? ☒ yes ☐ no

NEW OPPORTUNITIES, INC.
Schedule of Findings and Questioned Costs
Year ended September 30, 2014

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON- COMPLIANCE:

No matters were reported.

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting:

Early Childhood Iowa Area Board: New Opportunities, Inc. (the Agency) is the fiscal agent for Partnership 4 Families (the Organization), an Early Childhood Iowa organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Organization are included in the Agency's financial statements because of the Agency's fiduciary relationship with the Organization. A reconciliation of the Organization's June 30, 2014 financial data to the Agency's September 30, 2014 financial data is included as part of Note 10 to the financial statements.

No instances of non-compliance were noted as a result of the audit procedures performed.

* * *